Resolution No. 08-0425

STOCKTON CITY COUNCIL


City Council Resolution No. 08-0143, adopted April 15, 2008, approved the modification, in accordance with Section 2-215 of the Employer-Employee Relations Ordinance (Stockton Municipal Code §§ 2-200, et seq.), the Mid-Management/Supervisory Level Unit of Management B&C Association by deleting twelve (12) positions and placing them into the new representation unit, and recognized the Water Supervisory Unit of the Municipal Utilities Department as being exclusively represented by the Operating Engineers' Local Union No. 3 of the International Union of Operating Engineers, AFL-CIO, in the wages, hours, and other terms and conditions of employment; and

From April 22, 2008, through July 3, 2008, the Employee Relations Officer along with the negotiating team met and conferred with representatives of the Water Supervisory Unit of the Municipal Utilities Department, Operating Engineers' Local Union No. 3 of the International Union of Operating Engineers, AFL-CIO, on the wages, hours, and other terms and conditions of employment; reached a tentative agreement on July 3, 2008, and reduced the agreement to writing; and ratified on or about September 5, 2008, by a majority votes of its members; and

The City of Stockton and the Operating Engineers' Local Union No. 3 of the International Union of Operating Engineers, AFL-CIO, representing the Water Supervisory Unit, have in good faith completed its meet and confer obligation for the wages, hours, and terms and conditions of employment for the period of March 1, 2008, through December 31, 2008; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. That the Memorandum of Understanding between the City of Stockton and the Water Supervisory Unit of the Operating Engineers' Local Union No. 3 of the International Union of Operating Engineers, AFL-CIO, attached hereto and made a part hereof by this reference, is hereby approved and adopted.

2. That the salary grades and position titles listed on Appendix A, and Appendix B Side Letter of Agreement relating to leave balances, employee benefits, and longevity

CITY ATTY
REVIEW
DATE October 21, 2008
incentives, attached to the Memorandum of Understanding and made a part hereof and thereof by this reference, are hereby approved and adopted.

3. That the City Manager is hereby authorized and directed to execute the Memorandum of Understanding, including the applicable Appendices, on behalf of this legislative body in accordance with Government Code sections 3500, et seq., to be effective March 1, 2008, through, and including December 31, 2008.

4. That the City Manager and/or the Employee Relations Officer is/are authorized to take whatever actions that are appropriate to carry out the purpose and intent of this resolution.

PASSED, APPROVED and ADOPTED OCT 28 2008

EDWARD J. CHAVEZ, Mayor
of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton
CITY OF STOCKTON

MEMORANDUM OF UNDERSTANDING
SUPERVISORY UNIT
MUNICIPAL UTILITIES DEPARTMENT

Operating Engineers' Local 3, AFL-CIO and representatives of the City of Stockton have met and conferred in good faith regarding wages, hours and other terms and conditions of employment of employees in the representation unit identified in Section 1, have exchanged freely information, opinions and proposals and have endeavored to reach agreement on all matters relating to the employment conditions and employer-employee relations of such employees.

This Memorandum of Understanding is entered into pursuant to the Meyer-Milias-Brown Act (Government Code sections 3500-3510) and has been jointly prepared by the parties.

This Memorandum of Understanding shall be presented to the Stockton City Council as the joint recommendations of the undersigned for salary and benefit adjustments for the period commencing March 1, 2008, and ending December 31, 2008.
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Section 1. Recognition

Operating Engineers' Local 3, AFL-CIO, hereinafter referred to as the "Union," is the recognized employee organization for the Supervisory Unit, certified pursuant to Resolution No. 08-0143, adopted by the City Council on April 15, 2008.

Section 2. Union Security

2.1 Dues Deduction

(a) General. The Union may have the regular dues of its members within the representation unit deducted from employees' paychecks under procedures prescribed by the City for such deductions. The Union has the exclusive privilege of dues deduction for its members.

Authorization, cancellation or modification of payroll deductions shall be made upon forms provided or approved by the City. The payroll deduction authorization shall remain in effect until canceled or modified by the employee by written notice to the City or until the first day of the calendar month following the transfer of the employee to a unit represented by another employee organization as the representative of the unit to which the employee is assigned, or until employment with the City is terminated.

If an employee is promoted to a position which is represented by another employee organization or to an unrepresented unit, membership dues for the former unit will not be deducted from the employee's paycheck by the City.

Amounts deducted and withheld by the City shall be transmitted to the officer designated in writing by the Union as the person authorized to receive such funds, at the address specified.

In addition to the deduction of dues, the City will deduct from the paychecks of Union members who request it, premiums for group insurance and investment plans sponsored by the Union. Such deductions shall be made in one lump sum and only upon signed authorization from the employee upon a form satisfactory to the City. Such authorizations may be made or changed no more frequently than twice yearly.

The employee's earnings must be sufficient after all other required deductions are made, to cover the amount of the deductions herein authorized. When an employee is in a non-pay status for an entire pay period, no withholdings will be
made to cover that pay period from future earnings nor will the employee deposit the amount with the City which would have been withheld if the employee had been in pay status during that pay period. In the case of an employee who is in a non-pay status during a part of the pay period, and the salary is not sufficient to cover the full withholding, no deduction shall be made.

In this connection, all other required deductions have priority over the employee organization deduction.

(b) **Indemnity and Refund.** The Union shall indemnify, defend and hold the City harmless against any claim made and against any suit initiated against the City on account of check off of Union dues or premiums for benefits. In addition, the Union shall refund to the City any amounts paid to it in error upon presentation of supporting evidence.

2.2 **Agency Fee**

(a) **Employee Rights**

(1) The City and the Union recognize the right of employees to form, join, and participate in lawful activities of employee organizations and the equal, alternative right of employees to refuse to form, join and participate in employee organizations. Neither party shall exert pressure upon or discriminate against an employee in the exercise of these alternative rights.

(2) Accordingly, membership in the Union shall not be compulsory. A unit member has the right to choose, either: to become a member of the Union; or, to pay to the Union a fee for representation services; or, to refrain from either of the above courses of action upon the grounds set forth in Section (f) below.

(b) **Unit Members' Obligation to Exclusive Representative**

(1) A bargaining unit member who does not fall within one (1) of the exempted categories as set forth in Section (f) below, and who has not voluntarily made application for membership in the Union within the sixtieth (60) day following the date upon which said employee has been formally hired by the City as a bargaining unit employee, must as a condition of continued employment in the City pay to the Union a representation fee, in exchange for representation services necessarily performed by the Union in conformance with its legally imposed duty of
fair representation on behalf of said unit member who is not a member of the Union.

(2) In the event that a unit member does not become a member of the Union or pay such fee directly to the Union, the City shall begin automatic payroll deduction. There shall be no charge to the Union for such mandatory agency fee deductions.

(3) Prior to beginning such automatic payroll deduction, the Business Representative of the Union will certify to the City in writing that the employee whose pay is to be affected by the deduction has: 1) refused to join the Union; and 2) has refused to tender the amount of the agency fee as defined herein; and 3) has not applied for an exemption under Section (f) herein. In addition the Union must also certify that it has provided the employee with a copy of the fee verification required by Section (e) herein.

(c) Definition of Agency Fee

(1) The agency fee collected pursuant to Section (b) above from unit members who are not members of the Union shall be an amount not to exceed the standard initiation fee, periodic dues and general assessments of the Union for the duration of this Agreement, minus any amount which is prohibited by the Constitution because such funds pay for political or ideological purposes not related to collective bargaining.

(2) Any dispute as to the amount of the representation fee shall be resolved pursuant to the provisions of Section (h) herein.

(d) Exceptions. Unit members on leave without pay and unit members who are in laid-off status shall be exempt from these provisions herein; except that the election as to membership or payment of a fee as set forth herein must be exercised within the first ten (10) work days upon return to paid status.

(e) Annual Verification of Agency Fee by the Union. Prior to January 31, of each year and before the collection of an agency fee from any unit member pursuant to these provisions herein, the Union shall submit a written certification to the fee payers verifying that the total amount of its representation fee conforms to Section (c) above, and itemizing all component parts of such fee which shall provide an adequate explanation for the basis of the fee. Each year such amount shall be verified and submitted in writing to the fee payers by the Union prior to January 31st.
MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT - MUNICIPAL UTILITIES DEPARTMENT)

The Union will submit a copy of such verification to the Director of Human Resources of the City. The parties agree that such annual verification is a condition precedent to the collection by either the City or the Union of a representation fee from a unit member.

(f) Employees Exempted From Obligation to Pay Union

(1) Any unit member shall be exempt from the requirements of Section (b) above, if such employee has a bona fide religious objection as defined by Section 3502.5 of the Government Code to the payment of any fee in support of a Union or "employee organization" as defined in Section 3540.1(d) of the Government Code.

(2) Such exempt unit member shall, as an alternative to payment of a representation fee to the Union, pay an amount equivalent to such representation fee to:

a. United Way.
b. American Cancer Society.
c. Any charity jointly agreed in writing by the parties.

(3) If a unit member desires to be exempted for reasons set forth in Section (f) herein, the unit member must first request such exemption in writing from the Union setting forth briefly the rationale for the exemption. If the Union notifies the unit member in writing that the Union will not honor the request, then the matter shall be referred automatically to a panel for determination according to the procedure set forth below. The panel shall be composed of one (1) person selected by the Union, one (1) person selected by the unit member, and an arbitrator selected by the parties chosen from a list submitted by the State Conciliation Service. If either one or both parties fail to nominate a panel member, the process of hearing will continue without that party's panel member.

(4) The panel shall first receive arguments and evidence from the unit member requesting the exemption. Thereafter the Union may present any arguments or evidence. The proceedings shall be conducted in an informal manner, and the rules of evidence will not apply. The arbitrator shall act as chair and rule on all matters before the panel with the exception of the final determination of the panel. The panel shall prepare a written decision within fifteen (15) calendar days of the completion of the hearing which shall be final and binding upon the parties. Any expenses of the panel shall be borne by the parties incurring them.
(5) Upon receipt of the decision of the panel, the City shall release any funds held in escrow to the Union or to the charity. Any decision by the panel shall apply for the duration of this Memorandum of Understanding.

(6) In addition, the Union may require such exempt unit member to submit proof of payment of an amount equivalent to such representation fee to one (1) of the alternative funds or organizations listed above. If the bargaining unit member has not provided payment, the City will institute deductions pursuant to Section (b)(2), and forward such monies to a charity listed in Section (f)(2).

(7) Such payments shall be made on or before January 31, of each year or no more than thirty (30) days after commencing duties for any newly hired employee.

(g) Escrow Account. If any unit member either disputes the amount of the fee or disputes whether or not an exemption was appropriately denied, the City shall deposit the fee which was deducted and place such amount into a special escrow account established by the Union for such purposes.

(h) Procedure for a Unit Member Who Contests the Amount of the Fee

(1) The parties agree that in order to provide a uniform definition of the representation fee, any disputes involving the amount of such fee shall be referred to the Union's procedure for determination, provided that the parties have first complied with the other provisions of this Section.

(2) The Union shall notify the City in writing within twenty (20) days after it becomes aware that any employee disputes the amount of the fee.

(3) The Union will verify in writing to the City that all of the conditions of Section (b)(3) have been met prior to the City's initiation of the fee deductions set forth in Section (b)(2). Thereafter, the City will notify the affected employee in writing that such deductions will commence and a copy of the Union's written verification will be attached to the City's notice. Thereafter, the City will begin the deductions.

The monies held in escrow shall be released to the appropriate party upon the rendering of a final decision by the Union's internal procedure.
MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT – MUNICIPAL UTILITIES DEPARTMENT)

(i) Payment Method/Payroll Deduction

(1) A unit member may voluntarily sign and deliver to the City a written assignment authorizing deduction of the properly established representation fee as defined in Section (c) above, subject to the conditions set forth elsewhere in this agreement for payroll deductions, or the amount of the fee will be deducted automatically in accordance with Section (b)(2) herein.

(2) The City is under no obligation to make payroll deductions for the periods during which a unit member is either terminated from active employment, or not on the City's active payroll for any reason, including, but not limited to, layoff and voluntary leave of absence for more than thirty (30) days.

(3) Upon the rehiring of any unit member, or upon the recalling of any unit member from layoff status, the City will resume or initiate dues deductions for such unit member.

(j) Obligations of Parties

(1) City's Obligations. The City's obligation under this Article is to notify any unit member who has failed to comply with the provisions of this Section that, as a condition of continued employment with the City, such unit member must become an Union member, or pay a representation fee, or establish an exemption status and make payment pursuant to provisions of Sections (b) and (f) of this Agreement. Under no circumstances shall the City be required to dismiss or otherwise discipline any unit member for failure to fulfill their obligations to pay the fees established herein.

(2) Union's Obligations. Except as specified herein, the Union and not the City, shall be responsible for requiring unit members to fulfill obligations defined herein. It is the obligation of the Union to collect any representation fees which may be due and payable to the Union in consideration for its services as the exclusive representative of unit employees.

(k) Hold Harmless Provision. The Union shall hold the City harmless, and shall fully and promptly reimburse the City for any fees, costs, charges or penalties incurred in responding to or defending against any claims, disputes, challenges, whether formal or informal, which are actually brought, or attempted or threatened to be brought, against the City or any
of its agents, or employees, in connection with the interpretation, application, administration or enforcement of any Section of this Agreement pertaining to representation fee. Such reimbursement shall include, but not be limited to, court costs, litigation expenses, and attorney's fees incurred by the City. The City shall have the right to be represented by its own attorney in any action in which it is a named party to the action. Disputes over the amount of reimbursement shall be automatically submitted to the arbitration provisions of this Memorandum, Section 8.3(e).

2.3 Use of City Facilities

(a) The Union shall be allowed by the City department in which it represents employees' use of space on available bulletin boards for communications having to do with official Union business, such as times and places of meetings, provided such use does not interfere with the needs of the department. The Union may submit to the City Employee Relations Officer written communications having to do with official Union business for distribution by the City to identified shop stewards. Distribution may be by e-mail.

(b) Any representative of the Union shall give notice to the department head or designated representative when contacting department employees on City facilities during the duty period of the employees, provided that solicitation for membership or other internal Union business shall be conducted during the non-duty hours of all employees concerned. Pre-arrangement for routine contact may be made with individual department heads and when made shall continue until revoked by the department head.

(c) City buildings and other facilities may be made available for use by City Employees of the Union or their representatives in accordance with such administrative procedures as may be established by the City Manager or department heads concerned.

2.4 Advance Notice

Except in cases of emergency, reasonable advance written notice shall be given to the Union if affected by any ordinance, resolution, rule or regulation directly relating to matters within the scope of representation proposed to be adopted by the City and shall be given the opportunity to negotiate if requested with the designated management representatives prior to adoption.

In cases of emergency when the foregoing procedure is not practical or in the
MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT – MUNICIPAL UTILITIES DEPARTMENT)

best public interest, the City may adopt or put into practice immediately such measures as are required. At the earliest practicable date thereafter the Union shall be provided with the notice described above and be given an opportunity if requested to negotiate changes to said notice with the management representatives designated by the City Manager.

2.5 Attendance at Meetings by Employees

City employees who are official representatives or unit representatives of the Union shall be given reasonable time off with pay to attend meetings with City management representatives, or be present at City hearings where matters within the scope of representation or grievances are being considered. Such employee representatives shall submit a request for excused absence to their respective department heads, in a manner satisfactory prior to the scheduled meeting whenever possible. Except by mutual agreement the number of the employees excused for such purposes shall not exceed three (3) per recognized bargaining unit.

Time spent for this purpose during the representative's scheduled hours of work count as hours worked. Time spent for this purpose which may exceed the representative's regularly scheduled hours of work shall be compensated as overtime or compensatory time.

2.6 Maintenance of Membership

All employees in the Supervisory Unit who are members of the Union, tendering periodic dues at the execution of this agreement, and all employees who thereafter become members of the Union shall, as a condition of employment, pay dues to the Union for the duration of this Memorandum of Understanding, and each year thereafter. For a period of thirty (30) days prior to January 1, 2009 and thirty (30) days prior to any January 1, thereafter, any employee in the aforementioned unit who is a member of the Union shall have the right to withdraw from the Union discontinuing dues payments and retain employment in the City, subject to provisions of Section 2.2. Agency Fee. Said withdrawal shall be communicated by the employee in writing to the City. The provisions of this section shall be operative only to the extent that they are permissible under California law.

2.7 Assignment of Classifications

New job classifications established by the City shall be assigned to the bargaining unit pursuant to Section 8 (b) of the City's Employer-Employee
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Relations Resolution after providing notice and the opportunity to consult with the Union regarding such matters.

2.8 Contract Ratification

Ratification votes for Contract will be handled on city time during the day.

Section 3. Compliance with Federal Laws/Safety

3.1 Non-Discrimination. The City and the Union agree that there shall be no discrimination of any kind because of race, creed, color, religion, national origin, sex, political affiliation or legitimate union activity against any employee or applicant for employment; and to the extent prohibited by applicable State and Federal law there shall be no discrimination because of age.

3.2 Fair Labor Standards Act. The Union agrees to cooperate with the City to insure its members' compliance with the provisions of the Fair Labor Standards Act.

3.3 Safety. The Union shall cooperate with the City in promoting safety objectives as defined in Federal, State and local regulations by actively supporting safety programs, promoting safe work habits of members and encouraging an ongoing, active participation by its members in safety related procedures and practices as offered and promulgated by the City of Stockton.

Section 4. Probation

4.1 Purpose

The probationary period shall be utilized for closely observing the employee's work, for securing the most effective adjustment of a new employee to a position, and for rejecting any probationary employee whose performance does not meet the required standards of work.

4.2 Original Entrance and Promotional Positions

All original and promotional appointments shall be tentative and subject to a probationary period of six (6) months. The probationary period shall not be extended.

4.3 Retention/Rejection of Probationer

At the end of the probationary period, if the service of the probationary employee
MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT – MUNICIPAL UTILITIES DEPARTMENT)

has been satisfactory to the appointing authority, then the appointing authority shall file with the Director of Human Resources a statement in writing to such effect and stating that the retention of such employee in the service is desired. The City will make a good faith effort to notify a probationary employee two (2) weeks before the end of the probationary period whether or not regular status is granted; however, a failure on the part of the appointing authority to file such a statement at the end of the probationary period shall constitute a rejection of the probationer as defined in Civil Service Rules.

During the probationary period an employee may be rejected at any time by the appointing authority. Any employee rejected during the probationary period following a promotional appointment, shall be reinstated to the position from which promoted unless charges are filed and the employee is discharged in the manner provided in Section 7 of this Memorandum of Understanding and in the Civil Service Ordinance and Civil Service Rules, which are consistent therewith.

Section 5. Layoff

5.1 Layoff

Any employee may be laid off by an appointing authority in the event of the abolition of the employee’s position by the City Council, or if a shortage of work or funds requires a reduction in personnel.

5.2 Layoff Scope

(a) Layoffs shall be within departments of the City.

(b) Departments of the City are defined as follows:

(1) City Attorney
(2) City Auditor
(3) City Clerk
(4) City Manager
(5) Community Development
(6) Financial Management
(7) Fire
(8) Housing and Redevelopment
(9) Human Resources
(10) Information Technology
(11) Library
(12) Municipal Utilities
(13) Parks and Recreation
MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT – MUNICIPAL UTILITIES DEPARTMENT)

(14) Police
(15) Public Works

5.3 Notice of Layoff

The City will give advance written notice of at least one pay period to employees who will be laid off.

5.4 Precedence by Employment Status

(a) No regular employees shall be laid off while employees working in an extra help, seasonal, temporary, provisional, or probationary status are retained in the same classification as such regular employee. The order of layoff among employees not having regular status shall be according to the following categories:

(1) extra help or seasonal
(2) provisional
(3) temporary
(4) probationary

Layoffs shall be by job classification according to reverse order of seniority as determined by total service in that class, except as specified above. For the purpose of this procedure part-time classes shall be considered as separate from regular full-time classes.

The following provisions shall apply in computing total continuous service:

(1) Time worked in a regular or probationary status shall count as service.
(2) Time spent on military leave shall count as service in the event the leave was taken subsequent to entry.
(3) Time worked in an extra help, seasonal, provisional, temporary, grant or other limited term status shall not count as service.

If two (2) or more employees have the same seniority, the most recent performance evaluation shall determine seniority.

(b) Any employee in the Supervisory Unit who is laid off may complete a City employment application for any position currently staffed by a part time, provisional, or temporary employee. The Human Resources Department will
evaluate the employment application. If the laid off employee meets the minimum qualifications of that position, he/she shall have the option of displacing the part time, provisional, or temporary employee.

5.5 **Employee Options**

Employees laid off shall have any of the following choices:

(a) Displacing the employee in the same department and in the same or clearly comparable classification as determined by the Director of Human Resources as having the least seniority in that classification. This option shall be exercised before any other option.

(b) Taking a voluntary demotion within the department to a classification in which the employee had prior regular status, thus displacing the employee working in the classification who has the least seniority in that classification.

5.6 **Health and Welfare Benefits during Layoff**

Regular employees who are laid off will have an option of maintaining their existing health and welfare benefits for thirty-six (36) months from the date of layoff, provided timely payments of the premiums by the employee are made to the City, according to City regulations, and provided the employee otherwise meets the requirements of Federal and State regulations.

**Section 6. Reemployment**

(a) The name of each employee who is laid off in accordance with Section 5. shall be placed at the head of the eligibility list for the class of positions which that employee held, and shall be given preference in filling vacancies in that class.

(b) An employee laid off in accordance with this Section shall be placed on the eligibility list or lists for any lower or comparable class or classes in the same department, provided that the appointing authority and the department head in charge of this lower or comparable class determine that the employee is competent to perform the duties thereof in strict accordance with the class specifications. This right of a laid off employee shall remain effective for two (2) years from the date of latest separation from the service. The employee shall not be placed on said eligibility list or lists without first submitting a written request. Employee's place on said list or lists shall be at the head of the eligibility list for the class of positions for which qualified as hereinafore set forth and shall be
given preference in filling vacancies except for those persons placed on said list or lists of reemployment in the same positions previously held. Upon certification for appointment to a new position never having been held by this employee, the probationary period must be completed as required in this Memorandum of Understanding.

Section 7. Discipline

Disciplinary action, including discharge, suspension, reduction in pay or demotion, may be taken against any employee for cause.

Upon the employee’s written request and department head’s approval, all written reprimands shall be removed from the employee’s official personnel file after a period of one (1) year, if there has been no reoccurrence of the infraction and the employee has a good work record. Upon the employee’s written request and department head’s approval, all other disciplinary records shall be removed from the employee’s official personnel file after two (2) years, if there has been no reoccurrence of the infraction and the employee has a good work record. In no event, upon the employee’s written request, shall written reprimands remain in the employee’s official personnel file after five (5) years from the date of written notice.

7.1 Predisciplinary Rights

An employee facing potential disciplinary action will be entitled to the following predisciplinary rights:

(a) Notice of proposed discipline.

(b) Date(s) proposed discipline will be effective.

(c) Reasons for the proposed discipline, the specific grounds and particular facts upon which the action is taken.

(d) Ten (10) calendar days in which an employee or the representative may respond either orally or in writing to the department head.

(e) The employee must be provided with any written materials, reports and documents upon which the action is based.
MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT – MUNICIPAL UTILITIES DEPARTMENT)

7.2 Administrative Leave

The City may place an employee on administrative leave with pay pending the completion of the predisciplinary process.

7.3 Provisions

The appointing authority may discharge, suspend or demote any employee in the classified service provided the Stockton Municipal Code provisions and the rules and regulations of the Civil Service Commission and any applicable provisions of law are followed. Such provisions allow the employee suspended, demoted or discharged to appeal such action. The employee may take only one (1) of the following actions:

(a) File no appeal.

(b) File an appeal with the Civil Service Commission within ten (10) calendar days of written notification of the action. (Such filing will foreclose use of the grievance procedure.)

(c) File a grievance as provided for in Section 8 within ten (10) calendar days of written notification of the action.

If the employee fails to do (b) or (c) above within the prescribed time frames, these rights will have been waived.

Section 8. Grievance Procedures

8.1 Definition

A grievance is any dispute which involves the interpretation or application of those rules, regulations and resolutions which have been, or may hereafter be, adopted by the City Council to govern personnel practices and working conditions, including such rules, regulations and resolutions as may be adopted by either the City Council or the Civil Service Commission to affect Memoranda of Understanding which result from the meeting and conferring process.

8.2 Filing Deadline

(a) No grievance involving demotion, suspension, discharge or other employment penalty will be entertained unless it is filed in writing with the Director of Human Resources within ten (10) calendar days of the time at which
the affected employee received written notification of such action. All other grievances must be filed within thirty (30) calendar days from the time the employee knew or had reason to know of the facts giving rise to the grievance.

(b) With written consent of the Director of Human Resources or his/her designee and the Union Business Agent or his/her designee, time limits may be extended and/or Steps 1, 2 and/or 3 of the Grievance Procedure waived.

8.3 Grievance Processing

(a) Step 1 - Departmental Review. Any employee claiming to have a grievance may discuss the complaint with such management official in the department where employed as the department head may designate. If the issue is not resolved within the department within twenty (20) calendar days from the day of presentation or if the employee elects to submit the grievance directly to the Union recognized as the representative of that employee’s classification, or if the employee/Union official notifies the Director of Human Resources, in writing, that a grievance exists, the procedure hereinafter specified may be invoked.

(b) Step 2 - Director of Human Resources Review. If the employee is not satisfied with the response at level one, then the employee may appeal the grievance to the Director of Human Resources within twenty (20) calendar days of the receipt of written response at level one. Such appeal must state with particularity: 1) the specific policy, rule or provision which is alleged to have been violated; 2) the statement of facts comprising the violation; and 3) the requested remedy. The Union may file and process grievance(s) on behalf of the specifically named employee. The Director of Human Resources shall have twenty (20) calendar days in which to investigate the issues, meet with the complainant and attempt to reach a satisfactory resolution of the problem. No grievance may be processed under the following two (2) paragraphs which has not first been filed and investigated in accordance with this paragraph, except for the resolution of compensation complaints.

(c) Step 3 - Adjustment Board. If the parties are unable to reach a mutually satisfactory accord on any grievance which arises and is present during the terms of this Memorandum of Understanding, within twenty (20) calendar days of the receipt of the level three response, such grievance shall be submitted to an Adjustment Board comprised of two (2) Union representatives, no more than one (1) of whom shall be either an employee of the City or an elected or appointed official of the Union and two (2) representatives of the City, no more than one (1) of whom shall be either an employee of the City or a member of the staff of any organization employed to represent the City in the meeting and conferring

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process.

(d) **Step 4 - Arbitration.** If an Adjustment Board is unable to arrive at a majority decision, within twenty (20) calendar days either the Union or the City may require that the grievance be referred to an impartial arbitrator mutually selected by the parties, or if the parties are unable to mutually agree, from a list of seven (7) arbitrators provided by the State Conciliation Service. The arbitrator shall be chosen by the alternative strike method, with first choice being determined by lot. The fees and expenses of the arbitrator and of a court reporter shall be shared equally by the Union and City. Each party, however, shall bear the cost of its own presentation, including preparation and post hearing briefs, if any.

(e) **Effect of Decision.** Decisions of Adjustment Boards and arbitrators on matters properly before them shall be final and binding on the parties hereto except as provided otherwise herein.

8.4 **Scope of Arbitration**

(a) No Adjustment Board and no arbitrator shall entertain, hear, decide or make recommendations on any dispute unless such dispute involves a position in a unit represented by the Union and unless such dispute falls within the definition of a grievance as set forth in paragraph 8.1.

(b) Proposals to add to or change this Memorandum of Understanding or written agreements or addenda supplementary hereto shall not be arbitrable and no proposal to modify, amend or terminate this Memorandum of Understanding, nor any matter or subject arising out of or in connection with such proposal, may be referred to arbitration under this Section. No Board of Adjustment or arbitrator selected pursuant to this Section shall have the power to amend or modify this Memorandum of Understanding or written agreements or addenda supplementary hereto or to establish any new terms or conditions of employment.

No changes in this Memorandum of Understanding or interpretations thereof (except interpretations resulting from Board of Adjustment or arbitration proceedings hereunder) will be recognized unless agreed to by the Director of Human Resources and the Union.
8.5 Other Provisions

If the Director of Human Resources or City Manager, in pursuance of the procedures outlined above, resolves a grievance which involved suspension or discharge, they may agree to payment for lost time or to reinstatement with or without payment for lost time, but in the event the dispute is referred to arbitration and the arbitrator finds that the City had cause to take the action complained of, the arbitrator may not substitute his judgment for the judgment of management and if the findings are that the City had such right, the arbitrator may not order reinstatement and may not assess any penalty upon the City.

Complaints which allege the employee is not being compensated in accordance with the provisions of this Memorandum of Understanding shall be considered as grievances and processed pursuant to Section 8.3. Any other matters of compensation are to be resolved in the meeting and conferring process and if not detailed in the Memorandum of Understanding which results from such meeting and conferring process shall be deemed withdrawn until the meeting and conferring process is next open for such decision. No adjustment shall be retroactive for more than thirty (30) calendar days from the date upon which the complaint was filed.

Specified time limits may be modified only in writing. All appeals and responses must be provided in writing.

A grievant will be provided release time without loss of pay for all required meetings with management. The City cannot discriminate or retaliate in any manner against an employee for filing a grievance or exercising rights under this Section.

The provisions of this Section shall not abridge any rights to which an employee may be entitled under the Stockton Municipal Code and/or Civil Service Rules and Regulations, nor shall it be administered in a manner which would abrogate any power which, under the Stockton Municipal Code, may be within the sole province and discretion of the Civil Service Commission.

All grievances of employees in representation units represented by the Union shall be processed under this Section. If the Stockton Municipal Code and/or the Civil Service Rules and Regulations requires that a differing option be available to the employee, no action under paragraph (d) or (e) of Subsection 8.3 above shall be taken unless it is determined that the employee is not utilizing such option.
MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT – MUNICIPAL UTILITIES DEPARTMENT)

No action under paragraph (d) or (e) of Subsection 8.3 above shall be taken if action on the complaint or grievance has been taken by the Civil Service Commission or if the complaint or grievance is pending before the Civil Service Commission.

If any award by a Board of Adjustment or arbitrator requires action by the City Council or the Civil Service Commission before it can be placed in effect, the City Manager and the Director of Human Resources will recommend to the City Council or the Civil Service Commission, as appropriate, that it follow such award.

Section 9. Leaves

9.1 Vacation Leaves

(a) The vacation plan provides for a flat allowance, a maximum carryover limit, and a sell-back provision.

(b) Vacation Allowance. On July 1st of each fiscal year, employees shall receive a vacation allowance, which shall be the employee’s vacation credit for the fiscal year as follows:

(1) Employees with less than five (5) years of continuous City service shall receive fifteen (15) days.

(2) Employees with five (5) years of continuous City service shall receive twenty (20) days.

(3) Employees with fifteen (15) and up to twenty-five (25) years of continuous City service shall receive twenty-five (25) days.

(4) Employees shall receive one (1) additional day vacation allowance for each year of continuous City service beyond twenty-five (25) years.

(c) Vacation Carryover Maximum. Employees shall be granted a maximum carryover of one (1) previous year’s vacation allowance plus fifteen (15) days as of June 30 of any fiscal year.
(d) Vacation Carryover in Excess of Maximum.
   
   (1) Whenever an employee’s vacation hours exceed the maximum vacation carryover provision, the excess hours shall automatically be credited to the employee’s sick leave balance at the end of the fiscal year.
   
   (2) Employees may carryover vacation hours in excess of the maximum allowed, as referenced above, when the vacation hours remains because of being in a paid status during a period of illness or injury which precluded liquidating vacation credits earned in excess of the maximum allowed.
   
(e) Vacation Sell-Back Maximum
   
   (1) An employee may elect to receive cash payment for up to a maximum of one hundred (100) hours of his/her accumulated vacation balance upon commencement of a scheduled vacation of forty (40) consecutive hours or more.
   
   (2) An employee may elect to receive cash payment for two and one-half (2-1/2) days of his/her accumulated vacation balance for each one (1) day scheduled vacation taken. Either option may not exceed one hundred (100) hours of cash vacation sell-back per fiscal year.
   
(f) Vacation Allowance for Separated Employees. Whenever an employee is separated from City service, remaining vacation allowance, if any, shall be added to final compensation.
   
   (1) In the event an employee separates from City service after having been credited with vacation days/hours, but prior to earning the vacation credits or any portion thereof, such credits shall be reduced to reflect the actual term of City service. When appropriate, in accordance with applicable law, the City may deduct from the employee’s final compensation an amount equal to cover the cost of reimbursing the City for any used but unearned vacation credit.
   
   (2) Any reimbursement owed shall be considered a debt for which the City is entitled to payment.
(3) An employee who has resigned in good standing and is subsequently reinstated within two (2) years from the date of resignation shall have prior service counted in determining eligibility for vacation benefits, deducting therefrom the amount of time between the date of resignation and the date of reinstatement which shall not be counted in determining eligibility.

9.2 Sick Leave

(a) **Accrual.** All regular full-time employees shall accrue sick leave at the rate of ten (10) hours for each month of completed service.

All regular employees, except provisional and temporary employees, scheduled to work less than a full month shall accrue sick leave on a prorated basis. Unused sick leave shall accrue from year to year. Employees shall continue to accrue sick leave while off duty on authorized sick leave; provided, however, an employee shall not accrue sick leave during any leave or leaves of absence without pay granted to the employee.

(b) **Usage.** Employees are entitled to sick leave pay for those days which the employee would normally have worked, to a maximum of the hours accrued, described as:

Preventive medical, dental, optical care, illness, injury or exposure to contagious disease which incapacitates the employee from performing normal work duties. This includes disabilities caused or contributed by pregnancy, miscarriage, abortion, childbirth and recovery therefrom.

(c) **Family Sick Leave.** Employees may utilize sick leave in the case of illness or injury in the employee's immediate family when such illness or injury requires personal care. Such sick leave shall be limited, by the department head, to the time reasonably required to make other arrangements for such care.

Employees may utilize up to one-half of their annual sick leave accrual in the case of illness or injury in the employee's immediate family when such illness or injury requires personal care that otherwise would not be covered by the FMLA or CFRA Leaves.

Such leave shall be restricted to the employee's parents, spouse, mother-in-law, father-in-law, child, stepchild, brother, sister, brother-in-law, sister-in-law, grandparent, grandchild, legal dependant, and registered domestic partner.
MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT – MUNICIPAL UTILITIES DEPARTMENT)

In special cases, with the approval of the Director of Human Resources, a department head may grant the use of sick leave in other circumstances.

It is not the intent of this provision to conflict with any state or federally mandated policies, such as the Family Medical Leave Act ("FMLA"), the California Family Rights Act ("CFRA"), or Pregnancy Disability Leave ("PDL").

(d) Reporting Procedures for Sick Leave. When the requirement for sick leave is known to the employee in advance of the absence (for example, including but not limited to scheduled medical, dental or vision appointments), the employee shall request authorization for such sick leave from the department head prior to such absence. In all other instances, the employee shall notify his/her supervisor as promptly as possible of his/her absence.

(e) Verification Procedures

(1) Before being paid for the use of accrued sick leave, the employee shall submit a signed statement to the department head, on a prescribed form, stating the dates and hours of absence, the exact reason, and such other information as is necessary for the request to be evaluated. If an employee doesn't return to work prior to the preparation of the payroll, other arrangements may be made with the department head.

(2) Doctor's Certificate or Other Proof. If an employee's illness results in an absence from work for more than three (3) consecutive days, a doctor's certificate or other reasonable proof of illness may be required.

The department head may make such sick leave usage reviews and may require such additional documentation, including a physician's statement, as he/she deems necessary before approving the sick leave benefit.

(f) Use of Sick Leave While on Vacation. An employee who is injured or who becomes ill while on vacation may be paid for sick leave in lieu of vacation provided that the employee:

(1) Was hospitalized during the period for which sick leave is claimed, or

(2) Received medical treatment or diagnosis and presents a statement indicating disabling illness or injury signed by a physician covering the period for which sick leave is claimed.
MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT – MUNICIPAL UTILITIES DEPARTMENT)

(g) Payment for Unused Sick Leave. Upon separation of employment by reason of death, service or disability retirement or resignation and after completion of ten (10) years or more of continuous City service, the employee or the employee’s estate will be paid fifty percent (50%) of the total unused sick leave at its current value.

9.3 Other Leaves with Pay

(a) Bereavement Leave. In the event of a death in the immediate family of an employee, the employee shall, upon request be granted up to three (3) days bereavement leave with pay without charge to his accumulated sick leave credits or vacation eligibility. For the purposes of this paragraph, the immediate family shall be restricted to the employee’s parents, spouse, mother-in-law, father-in-law, child, stepchild, brother, sister, brother-in-law, sister-in-law, grandparent, grandchild, and domestic partner.

In the event of the death of a person not immediately related to an employee as defined above, the employee’s department head may grant up to three (3) days bereavement leave upon request which shall be charged against the employee’s accumulated sick leave credits.

(b) Court Appearance. Upon approval by the department head, an employee, other than a provisional or temporary employee, shall be permitted authorized absence from duty for appearance in Court because of jury service, in obedience to subpoena or by direction of proper authority, in accordance with the following provisions:

Said absence from duty including necessary travel time, will be with full pay for each day the employee serves on jury duty or testifies as a witness in a criminal case, other than as a defendant. As a condition of receiving such pay, the employee must remit to the City, through the employee’s department head, within fifteen (15) days after receipt, all fees received except those specifically allowed for mileage and expenses.

Jury duty or witness duty appearances shall be considered in terms of "whole days" (8 hours) or "half days" (4 hours) of service. If an employee is not due to appear for jury duty or as a witness until an afternoon court session, the employee will be expected to work his usual morning schedule. If an employee is required to appear for a morning court session and is sent home before noon and not required to return in the afternoon, the employee will be expected to work his usual afternoon schedule.
MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT – MUNICIPAL UTILITIES DEPARTMENT)

Said absence from duty will be without pay when the employee appears in private litigation to which the City of Stockton is not a party.

Any fees allowed, except for reimbursement of expenses incurred, shall be remitted to the City through the employee’s department head.

Notwithstanding the foregoing, attendance in court in connection with an employee’s official duties or in behalf of the City of Stockton in connection with a case in which the City of Stockton is a party, together with travel time necessarily involved, shall not be considered absent from duty within the meaning of the Section.

(c) Military Leave. An employee of the City who is a member of the National Guard or Naval Militia or a member of the Reserve Corps or Force of the Federal Military, Naval or Marine Service and is ordered to duty shall be granted leave with pay while engaged therein, provided the leave does not exceed thirty (30) days in any calendar year.

All regular employees in the service of the City shall be allowed leave of absence without pay for duration of a national emergency who have been inducted into the Army, Navy, Marine Corps, Air Force or any other branch of the Military Service of the United States or the State of California. Said employees shall be reinstated in the position they held when they were inducted into Military Service, except as hereinafter stated, providing they are physically fit as shown by a medical examination by the City Physician or other physician appointed to make a medical examination.

In the case of a probationary employee having served a minimum probationary period of six (6) months at the time of induction, it shall be optional with the department head and the Director of Human Resources to grant regular status to said employee before induction.

All probationary employees inducted into Military Service not having served the minimum probationary period of six (6) months, or having served the minimum probationary period of six (6) months, but not having received regular status shall be allowed leave of absence without pay for the duration of a national emergency, but said employees shall be placed at the head of the eligible list for such position in the order of their seniority of employment and when appointed to a vacant position, they must be physically fit as above specified and shall serve the balance of their probationary period before attaining the status of a regular employee.
MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT – MUNICIPAL UTILITIES DEPARTMENT)

Two (2) or more regular employees granted military leave of absence without pay from the same position shall be reemployed according to their seniority of employment providing they are physically fit as above specified.

9.4 Workers’ Compensation Leave

(a) Benefits. Workers’ Compensation benefits shall be provided in accordance with State law, whenever an employee is absent from duty because of disability caused by illness or injury which has been declared to be compensable under the Workers’ Compensation Law.

(b) Eligibility. Salary Continuation benefits shall be payable from the first day of covered absence. If injury or illness is job related, or recurrence of a previous job related illness or injury, the claim must be verified with a written physician statement otherwise disability leave will not be authorized. If verification is not received, any absence from duty not authorized will be charged to the employee’s sick leave.

(c) Payment. Workers’ Compensation/Salary Continuation will be paid in accordance with the following schedule:

(1) Employees shall be afforded a maximum of twelve (12) months Salary Continuation for each industrial illness or injury.

(2) Employees absent from duty due to a work related disability, and Salary Continuation benefits have been exhausted may, at their option, use their accumulated sick leave or annual leave to such extent when added to any temporary disability indemnity received under section 4650 et seq. of the California Labor Code will enable employees to receive full salary until their accumulated sick/annual leaves are exhausted. In such event, the employee’s accumulated sick/annual leave will be charged only in proportion to the amount required to supplement temporary disability payments to enable payment of full salary.

(d) Forms and Procedures. Salary Continuation approval will follow the same procedure as for sick leave approval. Salary Continuation payments will be contingent on the City’s acceptance of the injury or illness as compensable under the Workers’ Compensation Law.
MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT – MUNICIPAL UTILITIES DEPARTMENT)

9.5 Leave of Absence

(a) Employees shall not be entitled to leave of absence as a matter of right, but only in accordance with the provisions of law and the City of Stockton Municipal Code. Unless otherwise provided, the granting of a leave of absence also grants to the employee the right to return to a position in the same classification or equivalent classification, as the employee held at the time the leave was granted. The granting of any leave of absence shall be based on the presumption that the employee intends to return to work upon the expiration of the leave.

(b) Approval. All leaves of absence without pay must be pre-approved by the department head and filed with the Human Resources Department. No such leave may extend beyond twelve (12) months, except in the case of absence due to job incurred disability where a determination may be made based upon the needs of public service, or in the event an application for service connected disability retirement has been filed.

(c) Leaves of absence without pay for illness may only be approved following the expiration of sick leave and vacation, where applicable.

(d) City payment of premium shall end on the last day of the month in which the employee was paid except that employees on an authorized leave of absence may continue enrollment in the City health and dental insurance plan by prepayment of the monthly premium during the authorized leave of absence.

(e) Authorized absence without pay which exceeds thirty (30) consecutive calendar days, except military leave, shall not be included in determining salary adjustment rights, based on length of employment. Periods of time during which an employee is required to be absent from his/her position by reason of an injury or disease for which he/she is entitled to and currently receiving Workers’ Compensation benefits shall be included in computing length of service for the purpose of determining that employee’s salary adjustment.

9.6 Absence Without Official Leave (AWOL)

(a) Failure to Report to Duty or Failure to Return after Leave. Failure to report for duty or failure to report for duty after a leave of absence request has been disapproved, revoked, or canceled, or at the expiration of a leave, shall be considered an absence without official leave and shall be subject to discipline.
MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT – MUNICIPAL UTILITIES DEPARTMENT)

(b) Voluntary Resignation. Any employee absent without official leave for two (2) or more consecutive days without a satisfactory explanation shall be deemed to have voluntarily resigned from the City of Stockton. An employee must provide a written statement to the Human Resources Department regarding a "satisfactory explanation", within ten (10) calendar days after the City mails a notice of voluntary resignation to the employee's last known address.

9.7 Parental/Adoption/Pregnancy Leave

Family medical leaves shall be in accordance with the Family Medical Leave Act ("FMLA") of 1993, the California Family Rights Act ("CFRA"), or Pregnancy Disability Leave ("PDL"), and/or other applicable state and federal laws.

Section 10. Days and Hours of Work

10.1 Workweek .

The workweek shall be from Sunday at midnight through the following Saturday at midnight.

10.2 Meal Periods and Rest Periods

(a) Employees shall receive a one (1) hour or one-half (1/2) hour meal period, without pay, each day and a fifteen (15) minute paid rest period during the first half of the work day and a second fifteen (15) minute paid rest period during the second half of the work day.

(b) Where operational requirements of a department require deviations from this schedule, meal periods of other durations and alternate rest periods may be instituted with the approval of the Department Head or Designee.

Section 11. Overtime

11.1 Overtime Authorization

All compensable overtime must be authorized by the department head or his designated representative in advance of being worked. If prior authorization is not feasible because of emergency conditions, a confirming authorization must be made on the next regular working day following the date on which the overtime was worked.
11.2 Definition

The following provisions pertaining to authorized overtime work shall apply to those employees whose normal work period is eight (8) hours per day and forty (40) hours per week:

(a) Time worked in excess of forty (40) hours in any workweek shall be paid for at time and one-half (1-1/2) including employees employed on a per hour basis or except as provided elsewhere herein. Time worked shall include time paid for pre-approved leaves.

(b) On a holiday observed by the City an employee shall be paid for a regular day plus time and one-half (1-1/2) for actual time worked not to exceed eight (8) hours including employees employed on a per hour or per day basis, or except as provided elsewhere herein.

(c) Any time worked in excess of eight (8) hours on a holiday observed by the City shall be paid for at double time and one-half (2-1/2) except for employees employed on a per hour or per day basis, except as provided elsewhere herein.

(d) The City may require mandatory overtime when operational needs of the City dictate the need to work such overtime. Work in excess of forty (40) hours in any workweek will be paid at time and one-half pay or CTO in accordance with Section 11.4 (b).

11.3 Standby Duty

When warranted and in the interest of the City operation, department heads or designee may assign employees to "standby" status.

(a) Application of "standby" shall be as follows:

(1) Each employee so assigned to "standby" shall be provided with a communication device while on standby and shall be able to report to the work site with best efforts within 30 minute; in no event longer than forty-five (45) minutes.

(2) Employees on standby shall have the option to trade days and/or weeks of standby status with another qualified employee in the same unit or division with departmental approval.

(3) Standby shall be assigned in a minimum of eight (8) hours
blocks, i.e., Monday - Friday work week standby can be 8, 16, 24 hour blocks. The block of standby will be to one (1) person per 24 hour period.

(4) Standby for weekends i.e., Saturday, Sunday or extended holiday weekends (Friday - Sunday, or Saturday - Monday) will be assigned 8 - 48 hour blocks to one (1) person per weekend (up to 72 hours for holiday weekend).

(b) Compensation of "standby" shall be as follows:

(1) Employees assigned to standby duty shall be paid two (2) hours for every eight (8) hours of standby, and time and one-half (1- 1/2) for all actual time worked while on standby duty status.

(2) Employees assigned to standby duty status on holidays observed by the City shall be paid two (2) hours for every eight (8) hours of standby, time and one-half (1-1/2) for all actual time worked while on standby duty status, and double time and one-half (2 1/2) for all actual time worked in excess of eight (8) hours while on standby duty status.

11.4 Call Back

Employees called back to work from off duty status, the employee shall be compensated for a minimum of two (2) hours and forty-five (45) minutes pay at time and one-half (1-1/2) or actual time worked at time and one-half (1-1/2), whichever is greater.

To be eligible for call-back pay, both of the following conditions must be met:

(a) The call-back must occur outside of the employee’s regular work hours; including overtime.

(b) The call-back time worked must not be contiguous to the employee’s regular work hours; including overtime.

11.5 Compensatory Time

(a) Definition. Time off with pay in lieu of overtime pay.
(b) **Accrual.** For hours in excess of forty (40) hours in a seven (7) day work period, Compensatory Time shall be earned at the rate of time and one-half (1-1/2).

(c) **Use.** Use of Compensatory Time shall be scheduled with the due consideration for the wishes of the employee and so as to not interfere with the normal operation of City business. Approval of request for use of Compensatory Time shall be at the sole discretion of the department head, but once approved, cannot be changed unless an emergency situation arises.

(d) **Payment.** Once one hundred (100) hours of Compensatory Time is accrued on the books, all other hours worked in excess of forty (40) hours in a seven (7) day work period will automatically be paid. At the end of each calendar year, all Compensatory Time will be carried forward (forty (40) hours maximum), unless the employee elects to have the compensatory balance paid. Carryover Compensatory Time cannot exceed the forty (40) hours maximum.

Any Compensatory Time balance in excess of forty (40) hours remaining at the end of the calendar year will automatically be paid.

11.6 **Meal Allowance**

The City shall provide a meal allowance of FIFTEEN DOLLARS AND NO CENTS ($15.00) for an employee who is held over and works a minimum of four (4) hours. Employees called back to work or called back from a day off with less than two (2) hours notice shall qualify for the FIFTEEN DOLLARS AND NO CENTS ($15.00) meal allowance when they work a minimum of four (4) hours. Extension of the work schedule or call-back must be properly authorized by the employee's supervisor or other designated personnel.
Section 12. Holidays

12.1 Qualifying for Holiday Pay

All regular employees, excluding provisional and temporary employees, shall be entitled to take all authorized holidays at full pay not to exceed eight (8) hours for any one (1) holiday.

12.2 Holidays Observed by the City

(1) January 1 ......................................................... New Years' Day
(2) Third Monday in January (FLOATING) .......... Martin Luther King Jr.'s Birthday
(3) Second Monday in February (FLOATING) ............... Lincoln's Birthday
(4) Third Monday in February (FLOATING) .............. Washington's Birthday
(5) March 31 (FLOATING) .................................. Cesar Chavez Birthday
(6) Last Monday in May ........................................... Memorial Day
(7) July 4 ................................................................. Independence Day
(8) First Monday in September ................................. Labor Day
(9) Second Monday in October (FLOATING) ............... Columbus Day
(10) November 11 .................................................. Veteran's Day
(11) Fourth Thursday in November ............................. Thanksgiving
(12) The day following the day known as Thanksgiving
(13) December 25 ..................................................... Christmas Day
(14) Employee’s Birthday (FLOATING)

FLOATING holidays must be scheduled and used within the calendar year.

In addition, a day appointed by the President or Governor as a public holiday shall be observed by the City.

If any of said holidays fall on a Sunday, the following Monday shall be observed as a holiday. If any of said holidays fall on a Saturday, the preceding Friday shall be observed as a holiday.

In order to receive Holiday Pay, the employee must work or be on a pre-approved paid status the day before and the day after the holiday, unless it is the employee’s regularly scheduled day or hours off.

12.3 Compensation for Holidays Worked

Prior approval for holiday work must be secured from the department head except in emergency situations where said approval cannot be obtained
MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT – MUNICIPAL UTILITIES DEPARTMENT)

beforehand.

Section 13. Compensation and Allowance Other Than Base Salary

13.1 Retirement Contribution Supplement

The City will pay seven percent (7%) of the employee's current base salary (employee's contribution) and other compensation as qualified by State law towards the Public Employees' Retirement System (P.E.R.S.). Such amounts will be applied to the employee's individual account in accordance with California Government Code section 20615.

The City's P.E.R.S. retirement plan is two percent (2%) at age 55.

The City's P.E.R.S. retirement plan is modified to reflect California Government Code section 20930.3 (Military Service Credit as Public Service) and section 20930.33 (Military Service Credit for Retired Persons) effective upon adoption by Stockton City Council and Board Administration of the P.E.R.S.

The City will provide P.E.R.S. California Government Code section 20692 (Employer Paid Member Contributions Converted to Payrate during the Final Compensation Period) as added P.E.R.S. benefits. At the beginning of employee's last year of employment, the employee will pay their employees' seven percent (7%) benefit cost through an automatic payroll deduction. The City will increase the base salary for those employees by the same seven percent (7%) for the last twelve (12) months of employment. Internal Revenue Service (IRS) Code 414H(2) will be concurrently implemented with P.E.R.S. California Government Code section 20692, to be effective upon adoption by the Stockton City Council and P.E.R.S. Administration Board.

The City will provide P.E.R.S. California Government Code section 20965 (Credit for Unused Sick Leave) as added P.E.R.S. benefits, to be effective upon adoption by the Stockton City Council and P.E.R.S. Administration Board.

The City will provide P.E.R.S. California Government Code section 21574 (Fourth Level of 1959 Survivor Benefits) as added P.E.R.S. benefits, to be effective upon adoption by the Stockton City Council and P.E.R.S. Administration Board.

The City will provide PERS California Government Code section 21335 up to a five percent (5.0%) Annual Cost-of-Living Allowance, as added PERS benefit.
13.2 Uniforms

(a) The City shall provide uniforms for all employees assigned to this unit who request uniform provisions and must wear City provided uniforms.

(b) Safety Protective Footwear Reimbursement Allowance. Employees required to wear safety protective footwear in accordance with City Manager's Administrative Directive PER-034, and approved for safety protective footwear reimbursement, the City will authorize safety protective footwear reimbursement in the amount of TWO HUNDRED DOLLARS ($200.00)

13.3 Preventive Shots

Those employees in the Municipal Utilities Department whose work assignments involve potential exposure to hazardous waste water shall, at the employee's option, be provided all necessary medical immunization available for the prevention of job incurred illness.

13.4 Educational Incentive Pay

Employees with degrees/diplomas above and beyond that are required of their position shall be provided three percent (3%) of the top step of the position. Employees are limited to no more than three percent (3%) regardless of the number of degrees/diplomas above that required of the position. If the employee promotes to a position which matches his/her diploma/degree, the three percent (3%) will no longer be paid. Experience may not substitute for education. Other formal education/training programs may substitute for the actual degree/diploma.

13.5 Special Driver's License Pay

Job classifications requiring a Class A and/or Class B Driver's License or Hazmat endorsement will receive special pay equal to one and one-half percent (1-1/2%) of top step of job classification.

Special Driver's License Pay will only be implemented with the concurrent implementation of the Operating Engineers' Local No. 3 - City of Stockton Drug/Alcohol Safety Program.

13.6 Longevity Pay

The City shall pay each employee who completes twelve (12) continuous years of service with the City, two and one-half percent (2.5%) of top salary step of the
employee’s pay range to the employee as a longevity incentive pay allowance.

13.7 Credit Union

The City will accommodate payroll deduction to Operating Engineers' Local No. 3 Credit Union, within the limitations of City payroll system. Any modification costs will be borne by Operating Engineers' Local No. 3.

13.8 Education, Training and Development

The City will provide internal and external training programs on a wide variety of subjects. Employee participation will be based on subject matter relevance to job requirements, budgetary constraints and workload demands. Tuition or registration and other related costs will be paid by the City at one-hundred percent (100%) in accordance with City directives HR-21 and Finance-08.

13.9 Certification, Certification Training and Special Certifications

(a) Certification dues or fees required of employees in their specialized fields of work will be reimbursed by the City at the actual costs. Pre-approved training(s) to maintain a job related certification will be paid at one-hundred percent (100%) by the City. The City will pay for two attempts at passing the test.

(b) The City will offer a one time add pay off the salary line for employees who receive State certification for water, wastewater, distribution, or California Water Environment Association ("CWEA"). All employees are eligible to obtain certification in Water and Wastewater.

<table>
<thead>
<tr>
<th>Water, Wastewater</th>
<th>Water Distribution</th>
<th>CWEA</th>
<th>One Time Add Pay</th>
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</thead>
<tbody>
<tr>
<td>Grade 5</td>
<td>Grade 5</td>
<td>Grade 4</td>
<td>$1,000.00</td>
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<tr>
<td>Grade 4</td>
<td>Grade 4</td>
<td>Grade 3</td>
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<td></td>
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<td>Grade 2</td>
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<td></td>
<td></td>
<td>Grade 1</td>
<td>$100.00</td>
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A maximum of two certification levels will be paid by the City in a calendar year to any one employee. Certifications (at State specific levels) will be required for some positions. Loss of certifications shall result in the employee being demoted to the level according to their certification level. The employee will be moved back to his or her former level if he or she obtained the necessary
certification within 12 months. Any employee who loses or is denied a certification shall notify his or her supervisor within seven (7) calendar days, and shall submit a copy of any notice received from the state or any other agency.

(c) Waste Water Operator Certification. An employee who receives and maintains a Level IV or V Waste Water Operator Certification will receive the following quarterly amounts added to his or her monthly paychecks for Level IV and V certifications.

<table>
<thead>
<tr>
<th>Level</th>
<th>Amount</th>
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<tr>
<td>IV</td>
<td>$1,000.00</td>
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<tr>
<td>V</td>
<td>$2,000.00</td>
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13.10 Mileage Reimbursement for Private Vehicle Use

Employees who use their own vehicle on City business on a consistent and repetitive basis will be compensated at the current Internal Revenue Service (IRS) rate and in accordance with the City Manager’s Administrative Directive, MAN-016, Section III. B.

13.11 Use of City Vehicles

Supervisors who perform emergency response and/or standby call-out duty shall have the option of taking home their assigned City vehicle on a daily basis.

14.1 Health and Welfare Benefits

(a) The City will provide for hospitalization, medical, dental, prescription, and vision benefits.

(b) All bargaining unit members shall be covered under the Operating Engineers’ Health and Welfare Trust Fund or the City of Stockton Employee Health Benefits Plan, which consist of medical and prescription coverage administered by Blue Cross for Medical Care, Delta Dental or Pacific Union Dental Plan, and Vision Care Plan (VSP). The City’s health benefits plan include the medical plan as described in the Modified Employee Medical Plan.

The City shall pay for the full cost of the health benefits package for those employees who choose the City’s health benefits plan.

The City will continue the above stated medical coverage benefits for spouse and eligible dependents upon the death of an employee while employed with the City of Stockton. At age sixty-five (65), the spouse’s City medical coverage shall be secondary (supplemental) to Medical.

The orthodontic benefits coverage shall be TWO THOUSAND DOLLARS ($2,000.00) lifetime maximum for those employees who choose the City’s health benefits plan.

The annual dental maximum coverage shall be ONE THOUSAND AND FOUR HUNDRED DOLLARS ($1,400.00).

Employees in this bargaining unit shall elect their choice of either Operating Engineers’ Health and Welfare Trust Fund or the City of Stockton’s Employee Health Benefits Plan during the City’s open enrollment period. Those employees changing benefits plans shall be transferred effective with the benefit plan year.

The premium amount contributed towards the Operating Engineers’ Health and Welfare Trust Fund will not decrease during the term of this agreement regardless of any decrease premium that may occur to the City’s Modified Employee Medical Plan.

For those employees who choose to remain in Operating Engineers’ Health and Welfare Trust Fund, the City will contribute toward their premium, the same
amount as it contributes toward the City's health benefits plan. The employee is responsible for the difference each month if the Operating Engineers' Health and Welfare Trust Fund premium is higher.

(c) This agreement expires pursuant to Section 19, then and in that event, any and all subsequent increased premium costs required to maintain the benefits as provided for in this Section shall be the responsibility of the employees and said increased costs shall be withheld from the employee's paychecks as may be necessary for the months subsequent to December 31, 2008, unless otherwise agreed to by the parties hereto.

(d) Regular employees shall become eligible for the benefits stated in this Section on the first day of the month subsequent to completion of thirty (30) days of continuous service with the City. Employees must enroll eligible dependents within thirty (30) days of eligibility.

(e) Provisional and temporary employees are not eligible for any of the above benefits.

(f) Employees that promote, demote, or transfer from a classification in the Supervisory Unit to an unrepresented classification shall continue to have the option to retain the Operating Engineers' Local No. 3 Health and Welfare Plan.

14.2 Long Term Disability Insurance

The City shall provide, at no cost to the employee, long term disability insurance coverage which provides the following:

(a) Each disability - sixty-six and two thirds percent (66 2/3%) of salary.

(b) A 30-day waiting period before eligibility for benefit.

(c) Benefit payable until age sixty-five (65).

(d) The City will provide, at no expense to the employee, medical coverage for a period of ninety (90) days.
14.3 Life Insurance

The City shall provide, at no cost to the employee, a term life and accidental death and dismemberment insurance policy, equal to two (2) times the employee's annual salary.

14.4 Retirement Medical Allowance

The City will contribute all premiums necessary for the purpose of providing hospital-medical and prescription benefits for each City employee who has retired. Such coverage shall include one (1) dependent and shall be determined by the eligible date noted below.

(1) Normal Service Retirement

Eligibility for the allowance provided by this section is limited to employees who retire from the City of Stockton at age fifty (50) or later, with a minimum of five (5) years of continuous service with the City. At age sixty five (65), the benefit shall be pursuant to section 14.5.

(2) Disability Retirement

Eligibility for the allowance provided by this section shall be limited to a maximum of fifteen (15) years or the attainment of age sixty-five (65), whichever occurs first. At age sixty five (65), the benefit shall be pursuant to section 14.5.

14.5 Retirement-Medicare Supplemental Plan

Employees who become eligible for the Retirement Medical Allowance, pursuant to section 14.4, will, at age 65, become eligible for Medicare Supplemental Coverage under the City's Modified Employee Medical Plan. Coverage will be supplemental and secondary to Medicare (reduced by any amounts payable to Medicare). This lifetime benefit is provided to the employee and the employee's spouse. The employee shall be responsible for paying any associated costs for obtaining Medicare coverage Part A and Part B.
14.6 Long-Term Care

Employees can purchase optional long term care coverage from the Public Employees' Retirement System ("PERS") to cover home care and nursing home care. The premiums rates are established by PERS based on the age of the participant.

14.7 Re-opener Clause

The parties agree to begin negotiations on the issue of Retirement Medical Allowance no later than August 2008, notwithstanding any other notice to re-open for a successor agreement to this Memorandum of Understanding.

**Section 15. Salaries**

15.1 Salary Rates

The salary table for all employees in the aforementioned representation unit will be as set forth in Appendix "A," which is attached hereto and made a part hereof.

All salary rates hereby established and explained in other parts of section 15 shall no longer be fitted to the Stockton Salary Matrix as set forth in the City of Stockton Salary Schedule. Instead, all salary rates hereby established and explained in other parts of section 15 shall be assigned a fixed percentage of 5.00% between salary steps.

The rates of pay set forth in Appendix "A" do not include reimbursement for actual and necessary expenses for traveling, subsistence and general expenses authorized and incurred incident to City employment.

15.2 Salary upon Appointment

Except as herein otherwise provided, the entrance salary for a new employee entering the classified service shall be the minimum salary for the class to which appointed. When circumstances warrant, the Director of Human Resources may approve an entrance salary which is more than the minimum salary for the class to which an employee is appointed. Such a salary may not be more than the maximum salary for the class to which that employee is appointed.
15.3 **Salary Equivalents**

Any monthly, daily or hourly rate of pay may be converted into an equivalent rate of pay or to any other time bases when, in the judgment of the City Manager, such a conversion is advisable. In determining equivalent amounts on different time bases the City shall provide tables or regulations for the calculation of payment for service of less than full time, and for use in converting monthly salaries to hourly rates, as well as for calculating hourly rates. Overtime rate and premium pay shall be calculated according to the provisions of the Fair Labor Standards Act.

15.4 **Salary Step Plan**

There shall be six (6) salary steps in each range.

The **first step** shall be the minimum rate and shall be the normal hiring rate for the class. (In a case where a person possesses unusual qualifications, the Director of Human Resources may authorize appointment above the first step after receiving the recommendation of the department head. The same provision shall apply to hourly paid and part-time employees.)

If a department head recommends to withhold increases to salary steps two (2) through six (6) because an employee has not achieved the level of performance required, notice must be received by the Human Resources Department at least four (4) weeks in advance of the employee’s eligibility date. The affected employee shall be furnished a copy of the department head’s recommendation. Failure to abide by the above four-week limitation shall not automatically cause a step increase to be granted; however, if an employee does not receive notice by the actual anniversary date, the increase shall be automatically granted.

The **second step** shall be paid upon the satisfactory completion of six (6) months service at the first step.

The **third step** shall be paid upon the satisfactory completion of one (1) year service at the second step.

The **fourth step** shall be paid upon the satisfactory completion of one (1) year service at the third step.

The **fifth step** shall be paid upon the satisfactory completion of one (1) year service at the fourth step and upon written recommendation of the department head.
MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT – MUNICIPAL UTILITIES DEPARTMENT)

The sixth step shall be paid upon the satisfactory completion of one (1) year service at the fifth step and upon written recommendation of the department head.

Regardless of an employee's length of service, step advancements in any given class may be made upon recommendation of the department head with the approval of the Director of Human Resources, but not above Step No. 6 for a given range.

Salary step increases shall be effective the first day of the pay period following appointment or revision. If the date of appointment or revision is the first day of a pay period, salary step increases shall be as of that date.

Changes in an employee's salary because of promotion, demotion, postponement of salary step increase or special merit increase will set a new salary anniversary date for that employee, which date shall be as stated in the preceding paragraph.

Salary range adjustments for a classification will not set a new salary anniversary date for employees serving in that classification.

15.5 Salary Step after Military Leave

All employees who have been granted military leave shall, upon their return to the City service, be entitled to the automatic salary advancements within the range of their classification for the period they were in the military service.

15.6 Salary Step When Salary Range is Increased

Whenever the monthly schedule of compensation for a class is revised, each incumbent in a position to which the revised schedule applies shall be entitled to the step in the revised range which corresponds to the employee's step held in the previous range, unless otherwise specifically provided for by the Director of Human Resources.

15.7 Salary Step After Promotion or Demotion

(a) When an employee is promoted from a position in one class to a position in a higher class, and at the time of promotion is receiving base salary equal to, or greater than, the minimum rate for the higher class, that employee shall be entitled to the next step in the base salary of the higher class which is a minimum
of five percent (5.0%) above the employee's current salary, except that the next step shall not exceed the maximum salary of the higher class.

(b) When an employee is demoted, whether such demotion is voluntary or otherwise, that employee's compensation shall be adjusted to the salary prescribed for the class to which demoted.

(1) If the salary of the employee is reduced for cause or disciplinary reasons, the employee shall receive the salary at the same step prior to promotion.

(2) If the salary of the employee is reduced through no fault of the employee (i.e., layoff), the salary at demotion shall be at the nearest lower salary to that which was received prior to the demotion.

15.8 Transfer

An employee may be transferred from a class in one department, or to a position of the same class in another department, or to a comparable class, with the approval of both the employee and Department Heads. In the case of a comparable class, the employee must be qualified, as determined by the Director of Human Resources. The Director of Human Resources, in making such a determination, must assure that the maximum salary rate for the classes in question must be equal to or less than the employee's current top step salary, and shall consider, among other things, whether the employee possesses the minimum qualifications for such class, and is able to demonstrate through education, experience, or successful completion of pertinent tests, that he/she is qualified for the transfer. If the transfer involves a change from the jurisdiction of one appointing authority to another, both must consent thereto.

15.9 Salary on Reinstatement

If a former employee is reinstated in the same position previously held or to one carrying a similar salary range, the employee's salary shall not be higher than the salary at the time of separation unless there has been an increase within the salary range.

If a former employee is reinstated to a position in a lower class, the employee's salary shall be set at the same step previously held, but in the pay range of the lower classification.
15.10 "Y" Rate

When an employee's classification is changed to a lower paid classification as the result of a classification study or other action, the employee may be placed on a "Y" rate. A "Y" rate means that the monthly compensation for the employee shall remain in effect until such time as further changes in the pay range of the new classification exceeds the "Y" rate.

15.11 Acting Pay

Any employee in this unit who is assigned by a supervisor to work in a higher paid classification for two (2) or more hours in one (1) day, shall receive the rate of pay in the step of the higher classification which would have been received if the employee had been promoted into that classification, or at least five percent (5%) more than the employee's salary in the present classification, whichever is greater. Out-of-class assignment pay during overtime status will commence at the first hour worked.

15.12 Special Assignment Pay

The department head with the concurrence of the Director of Human Resources may approve additional compensation in an amount not to exceed one additional salary step when an employee is assigned in writing by the supervisor to perform additional duties and responsibilities for the duration of the special assignment.

15.13 Special Certification Pay

Water Operations Supervisor who possesses a Distribution Operator Certificate issued by the California Department of Health Services shall receive an additional three percent (3.0%) of base pay.

15.14 Salary Adjustments

The City recognizes that there may be a need for special salary adjustments for selected classifications as a result of recruitment problems, reclassifications, and/or organizational changes. The City, in its sole discretion, may make such adjustments, but agrees to discuss with the Supervisory Unit.

In the event that any provision of this Memorandum of Understanding is declared by a court of competent jurisdiction to be illegal or unenforceable that provision of the Memorandum of Understanding shall be null and void but such nullification shall not affect any other provisions of this Memorandum of Understanding, all of which other provisions shall remain in full force and effect.

In the event that Federal legislation changes the current applicability of the Fair Labor Standards Act, both parties agree to consult and/or confer on the impacts of such legislation to the extent required by law.

Section 17. Past Practices and Existing Memoranda of Understanding

Continuance of working conditions and practices not specifically authorized by ordinance or by resolution of the City Council is not guaranteed by this Memorandum of Understanding.

This Memorandum of Understanding shall supersede all existing Memoranda of Understanding between the City and the Union.

Section 18. Scope of Agreement

Except as otherwise specifically provided herein, this Memorandum of Understanding including Appendices “A” and “B”, which are attached to this Agreement and by this reference incorporated herein, and fully and completely incorporates the understanding of the parties hereto and constitutes the sole and entire agreement between the parties on any and all matters subject to meeting and conferring. Neither party shall, during the term of this Memorandum of Understanding, demand any change therein nor shall either party be required to negotiate with respect to any matter; provided that nothing herein shall prohibit the parties from changing the terms of this Memorandum of Understanding by mutual agreement.

Section 19. Duration of Agreement

This Memorandum of Understanding shall be effective the date of execution, and shall remain in full force and effect to and including the 31st day of December 2008 and shall continue thereafter from year to year unless at least sixty (60) days prior to December 1 either party shall file written notice with the other of its desire to amend, modify, or terminate this Memorandum of Understanding.
MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT – MUNICIPAL UTILITIES DEPARTMENT)

Section 20. Maintenance of Operations/City Rights

(a) It is recognized that the need for continued and uninterrupted operation of City services is of paramount importance. Therefore, the Union and each employee represented thereby agrees that from the date of execution, through exhaustion of the impasse process/mediation/fact finding as set forth in the Employer/Employee Relations Resolution, the Union or any person acting in its behalf, or each employee in a classification represented by the Union, shall not cause, authorize, engage in, encourage, or sanction a work stoppage, slowdown, refusal of overtime work, refusal to operate designated equipment (provided such equipment is safe and sound), or picketing, other than informational picketing, against the City or the individual or concerted failure to report for duty or abstinence from the full and faithful performance of the duties of employment, including compliance with the request of another labor organization or bargaining unit to engage in such activity in an attempt to induce a change in wages, hours, and other terms and conditions of employment.

(b) An employee shall not be entitled to any wages or City paid benefits whatsoever if the City Council, by majority vote, determines to its satisfaction, that the employee is, or has, engaged in any activity prohibited by subsection (a) of this Section. The City may take other action which it deems appropriate.

(c) If the City Council, by majority vote, determines to its satisfaction, that subsection (a) of this Section has been violated by the Union, the City may take such remedial action as it deems appropriate.

(d) The Union recognizes the duty and obligation of its representatives and members to comply with the provisions of this Memorandum of Understanding and to make every effort toward inducing all employees in this unit to fully and faithfully perform their duties. In the event of any activity prohibited by subsection (a) hereinabove, the Union agrees to take supererogatory steps necessary to assure compliance with this Memorandum of Understanding.

The rights of the City as set forth in Section 5 of Resolution No. 32,538, dated August 4, 1975, are incorporated herein by reference.

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MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT – MUNICIPAL UTILITIES DEPARTMENT)

IN WITNESS WHEREOF the parties hereto have executed this Memorandum of Understanding on this ___ day of ___ 2008.

OPERATING ENGINEERS LOCAL UNION NO. 3 of the International Union of Operating Engineers, AFL-CIO

By:  
JOE SANTELLA
Its: Business Representative

By:  
RICHARD STIFFER
Its: Member

CITY OF STOCKTON, a municipal corporation

By:  
J. GORDON PALMER, JR.
Its: City Manager

By:  
DIANNA R. GARCIA
Its: Director of Human Resources & Employee Relations Officer

By:  
DI SMITH
Its: Assistant Director of Human Resources

By:  
ETHEL FRANCOIS
Its: Deputy Director of Human Resources

APPROVED AS TO FORM:
RICHARD E. NOSKY
CITY ATTORNEY

By:  
MICHON JOHNSON
Its: Deputy City Attorney

CITY OF STOCKTON
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<td>70001</td>
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<tr>
<td>70011</td>
<td>Utilities Safety and Training Specialist</td>
<td>70E</td>
</tr>
<tr>
<td>70009</td>
<td>Water Operations Supervisor</td>
<td>70D</td>
</tr>
</tbody>
</table>
MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT – MUNICIPAL UTILITIES DEPARTMENT)

APPENDIX B

SUPERVISORY UNIT (MUNICIPAL UTILITIES DEPARTMENT)

SIDE-LETTER OF AGREEMENT

Pursuant to the Special Agreement between Operating Engineers' Local Union No. 3 ("Union") and the City of Stockton ("City") dated June 18, 2003, authorized by Stockton City Council Resolution No. 03-0393, adopted on July 8, 2003, regarding the Transfer of Services, the provisions contained in Appendix B, Side-Letter of Agreement, pertains to only the Employees covered by the Special Agreement.

This Side-Letter of Agreement cannot be amended, changed, or deleted unilaterally by either party. However, nothing contained herein prohibits the parties from mutually agreeing to changes, but neither party can be compelled to negotiate and/or agree to any changes to this Appendix B, Side-Letter of Agreement.

Section 1 – Re-employment and Employment

The City shall provide regular full-time employment at the City's municipal wastewater utility and water utility to all of the employees listed in Agreement electing to accept such employment effective March 1, 2008.

Section 2 – Terms and Conditions of Re-employment and Employment

(a) City's offer of employment and re-employment shall be unconditional, and shall not be subject to other health, competency or other test, fact, or circumstances relating to an individual employee.

(b) All service with OMI/Thames Water will be counted as service with the City.

(c) Transfer of Leave Balances – City will accept all sick leave and vacation balances transferred from the OMI/Thames Water to City for the employees in this Agreement.

(d) Waste Water Certification – Employees outside of the Waste Water Division who hold Waste Water II or higher certification and are available for short-term assignment to the waste water facility will receive an additional five percent (5%) of the top step, which shall be PERS reportable earnings. Certification must be kept current. Employees who decline short-term assignments to the waste water facility subject to department guidelines will lose this additional pay.
MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT - MUNICIPAL UTILITIES DEPARTMENT)

Section 3 - Deferred Compensation

The City shall provide, at no cost to the employee, deferred compensation as a supplement to voluntary deferred compensation plans, if any, for which the individual employee may be eligible. The City shall contribute an amount equal to five and one-half percent (5.5%) of the employee’s current base salary.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peggy Barnett</td>
<td>Occupational Health/Safety Compliance Specialist</td>
</tr>
<tr>
<td>Jim Butler</td>
<td>Senior Plant Maintenance Supervisor</td>
</tr>
<tr>
<td>Randy Cornell</td>
<td>Collection Systems Supervisor</td>
</tr>
<tr>
<td>Larry Huber</td>
<td>Laboratory Supervisor</td>
</tr>
</tbody>
</table>

Section 4 - Longevity Incentive

Employees possessing twenty-five (25) years or more of continuous City service shall be entitled to receive Longevity Incentive payments in the amount referenced below and up to a maximum of $10,000.00.

<table>
<thead>
<tr>
<th>Employee</th>
<th>March 1, 2009</th>
<th>March 1, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Randy Cornell</td>
<td>$5,000.00</td>
<td>$5,000.00</td>
</tr>
<tr>
<td>Larry Huber</td>
<td>$5,000.00</td>
<td>$5,000.00</td>
</tr>
</tbody>
</table>

The amounts shown above shall be paid to the employee on paycheck March 7th of each year, respectively, upon completion of one (1) year of continuous City services commencing March 1, 2008, for a maximum of two (2) years. If the employee terminates City employment prior to or is in an unpaid status for a period less than one (1) month, the amount referenced shall be prorated for the days in a paid status including paid sick and annual leave. The employee shall not be entitled to Longevity Incentive payment for days or hours not earned (unpaid leaves of absences, termination).

The Longevity Incentive shall be reported to the Public Employees’ Retirement System as “PERSable” income by the City.

Section 5 - Public Agency Retirement System (“PARS”) Supplemental Retirement Plan

The City shall contribute an amount necessary to fund a supplemental retirement benefit for the following employees in Municipal Utilities Department.
MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT – MUNICIPAL UTILITIES DEPARTMENT)

<table>
<thead>
<tr>
<th>Peggy Barnett</th>
<th>Occupational Health/Safety Compliance Specialist</th>
</tr>
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<tbody>
<tr>
<td>Jim Butler</td>
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<td>Randy Cornell</td>
<td>Collection Systems Supervisor</td>
</tr>
<tr>
<td>Larry Huber</td>
<td>Laboratory Supervisor</td>
</tr>
</tbody>
</table>

The supplemental retirement benefit shall be developed and administered by the Public Agency Retirement Services ("PARS") benefit and shall be based on the following criteria:

(a) Only employees listed in this Agreement shall be eligible to participate;

(b) Commencing March 1, 2008, employees must complete at least one (1) year of continuous City of Stockton service to be eligible for the PARS benefit;

(c) The PARS benefit shall be paid only to those employees listed in this Agreement who retire from the City in accordance with rules and criteria established pursuant to PERS and the MOU in effect between the City and the OE3; and

(d) The benefit level paid to each eligible employee shall be based on the following formula:

\[
(1) \quad \text{All actual years of service (prior City of Stockton, OMI and City of Stockton years of service as of March 1, 2008 prospectively)} \times 0.6\%.
\]

Section 6 – Compensation and Benefits

(a) **Sick Leave** – Sick leave accrual shall be unlimited. Accrued sick leave transitioned from OMI/Thames Water in excess of 240 hours shall be available to employees for the sole purpose of use in the event of illness and/or service credit with PERS.

(b) **Retiree Medical** - Retiree employees shall receive fully paid retiree medical with the option of either the City Health Plan (hospital, medical and prescription benefits) for the retiree and one (1) dependent, or the OE3 Medical Plan Schedule A (hospital, medical and prescription benefits) for the retiree and one (1) dependent.

(c) The maximum dental allowance per calendar year shall be $2,500 per member at 80/20 co-pay (20% co-pay per member). The lifetime maximum orthodontia (50%) allowance shall be $2,500 per member.

(d) Active employees shall receive fully paid City Health Plan (Medical, Vision, and
MEMORANDUM OF UNDERSTANDING (SUPERVISORY UNIT – MUNICIPAL UTILITIES DEPARTMENT)

Dental) or the option of the fully paid OE3 Medical Plan Schedule A (Medical, Vision, and Dental).

(e) An employee who receives and maintains a Level IV or V Waste Water Operator Certification will receive the following quarterly amounts added to his or her monthly paychecks for Level V and Level IV certifications, unless certification is required of the position.

<table>
<thead>
<tr>
<th>Level</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level IV</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>Level V</td>
<td>$2,000.00</td>
</tr>
</tbody>
</table>

IN WITNESS WHEREOF, the parties hereto have executed Appendix B, Side-Letter of Agreement and shall become effective 15th day of Oct 2008.

OPERATING ENGINEERS LOCAL UNION NO. 3 of the International Union of Operating Engineers, AFL-CIO

By: JOE SANTELLA
   Its: Business Representative

By: RICHARD STIFLER
   Its: Member

CITY OF STOCKTON, a municipal corporation

By: J. GORDON PALMER, JR.
   Its: City Manager

By: DIANNA R. GARCIA
   Its: Director of Human Resources & Employee Relations Officer

By: DI SMITH
   Its: Assistant Director of Human Resources

By: ETHEL FRANCOIS
   Its: Deputy Director of Human Resources

APPROVED AS TO FORM:
RICHARD E. NOSKY
CITY ATTORNEY

By: MICHON JOHNSON
   Its: Deputy City Attorney